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FOR ACTION

ALLOCATION OF GENERAL RESOURCES

SUMMARY

At its third regular session of 1996, the Executive Board requested the Executive Director to submit a revised proposal on the modified system for allocating general resources to UNICEF-supported country programmes (E/ICEF/1996/12/Rev.1, decision 1996/34). The modified system is submitted for consideration and approval by the Executive Board.

* E/ICEF/1997/13.

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EXECUTIVE SUMMARY

The Executive Board, through decision 1996/34 (E/ICEF/1996/12/Rev.1), requested the Executive Director to submit a modified system for the allocation of general resources. In that decision, the Board reaffirmed the principles of eligibility of all recipient countries on the basis of the fundamental characteristics of the operational activities of the United Nations development system. The Board further indicated that the modified system should: (a) continue to be based on the three existing core criteria; (b) give higher priority to the low-income countries, in particular the least developed countries (LDCs); (c) be sufficiently flexible to accommodate evolving needs and special circumstances; (d) apply only to general resources; and (e) be transparent, simple and consistent.

Taking into consideration the guidance provided by the Executive Board, the comments made on a draft of the modified system during the intersessional meetings held on 27 February and 24 March 1997 and the concerns expressed and suggestions made during informal consultations with Board members as well as with regional and selected country offices, the secretariat submits the modified system for consideration and approval by the Board.

The modified system is responsive to the rights-based approach and the UNICEF Mission Statement, based on the premise that UNICEF advocates for the protection of the rights of all children, while it targets general resources to the neediest and most disadvantaged children.

The modified system retains the three core criteria and refines their weighting so that countries with low gross national product (GNP) per capita and a high under-five mortality rate (U5MR) receive higher priority. A multi-step approach is followed to reflect the complexity and diversity of specific country situations regarding the challenges facing children. Ninety-three per cent of the general resources available for programmes is allocated directly to the country level, and 7 per cent is set aside to respond flexibly to evolving needs and other special circumstances. The five major steps of the modified allocation system are as follows.

First, each country with a UNICEF office or country programme will receive a minimum allocation of $625,000 for core programming.

Second, in addition to the minimum allocation, each country with a UNICEF country office or country programme will receive a share of the general resources available for programmes on the basis of the three existing criteria, using the existing formula and the refined weighting system.

Third, multi-country programmes will continue to receive combined lump sums to ensure viable programme interventions. Fixed allocations will also be made for special programmes approved by the Executive Board.

Fourth, the allocation of some general resources for programmes will continue to be determined by other criteria. These include the net income generated in developing countries from the sale of greeting cards and other products, the bulk of which is allocated to the country of origin to finance Board-approved unfunded supplementary funded programmes. The non-reimbursed year-end balance of the Emergency Programme Fund (EPF) is allocated to individual countries on a case-by-case basis.

Finally, 7 per cent of general resources will be set aside for allowing the system to respond flexibly to the great diversity in country situations, evolving needs and special circumstances, including in the countries covered by multi-country programmes. These funds will be expended in accordance with the following objectives: (a) to encourage excellence in performance; (b) to respond to emerging opportunities for benefiting children; (c) to cushion the impact of a shortfall in total estimated general resources on country allocations; (d) to reduce imbalances between general resources and supplementary funding for Board-approved country programmes; and (e) to avoid sudden and major changes in the absolute level of general resources allocated to individual countries as a result of implementation of the modified system.

The Executive Director will report on the use of the funds set aside for flexibility in her annual report to the Executive Board.

The modified system will maintain the balance between the principle of universality and that of needs-based allocations. If the total general resources for programmes declines, the minimum allocation will be adjusted downwards in the same proportion to the fall in the overall general resources level for programmes. If general resources for programmes increase or remain unchanged, the minimum allocation will be maintained at the level of $625,000. This implies that additional general resources will be distributed essentially on the basis of the three core criteria, which will give higher priority to the low-income countries and LDCs, in line with decision 1996/34.

The enhanced responsiveness of the modified system to the UNICEF Mission Statement is reflected in the increased share of general resources for the LDCs and low-income countries, for countries with very high U5MR and for sub-Saharan Africa. However, the actual share of general resources for individual countries, regions and country groupings will depend on the level of general resources available for programmes and the value of the three indicators.

The modifications to the original proposal of September 1996 include: (a) an increased minimum allocation; (b) an increased share of the general resources set aside for flexibility; and (c) a refined weighting of the core criteria and an adjustable minimum level to give priority to the low-income countries and LDCs.

Because the Convention on the Rights of the Child calls on it to use its expertise and moral authority to protect the rights of all children, UNICEF will continue to advocate for child rights; ensure high-quality policy analysis and advice; and monitor, evaluate and disseminate lessons learned in countries that have reached the combined threshold of GNP per capita and U5MR, beyond which general resources allocations for programmes gradually will be phased out.

The implementation of the modified allocation system will be gradual, starting in 1999. Abrupt changes that are likely to result from the modified system will be avoided and changes in allocations of general resources to countries will be limited to a maximum of 10 per cent, compared with the previous year's level. The overwhelming majority of LDCs will receive higher allocations, and no LDC will receive an allocation below its normal calculated level under the current system.

The secretariat will continue its efforts to mobilize higher levels of general resources from all sources.

INTRODUCTION

1. The Executive Board, in decision 1996/26 (E/ICEF/1996/12/Rev.1), underlined the necessity to engage in a debate on the allocation of general resources to understand better how the current system works and whether it is sufficiently responsive to the UNICEF Mission Statement and the child rights approach to programming.

2. The core criteria established by the Executive Board for the allocation of general resources have evolved over time. The size of the child population has always influenced the allocation of UNICEF resources, just as other agencies' allocations are based on the size of the total population. Gross national product (GNP) per capita was formalized as a criterion in 1970 so as to give priority to low-income countries. In 1983, a third criterion was added, that of child mortality, which was measured initially by the infant mortality rate, and later by the under-five mortality rate (U5MR).

3. The latter was included as a summary indicator of the well-being of children, not just as a measure of relative risk of mortality but as an indicator of the country's overall level of social development, as is suggested by its high correlation with such other key social indicators as life expectancy, the female literacy rate and the primary school enrolment ratio. The combination of GNP per capita and U5MR provides a solid basis for measuring the average social and economic well-being of children, using quantifiable and internationally comparable indicators, based on relatively robust statistics. The three core criteria have served well over the past decade.

4. Over the years, ad hoc adjustments were introduced which distorted the underlying principles of the general resources allocation system. General resources planning levels for individual countries were rarely reduced, even when a country's socio-economic indicators improved relative to those of other countries. Exceptional increases granted during emergency situations were not routinely adjusted afterwards. This led to growing differences between the calculated general resources levels based on the three criteria and Board-approved allocations.

5. In response to decision 1996/26, taken at the 1996 annual session, the secretariat carried out a review of the existing general resources allocation system, including an analysis of the experience of other relevant United Nations agencies, and submitted a discussion paper (E/ICEF/1996/CRP.30) to the Board's third regular session of 1996. The discussion paper explained in detail the evolution of the current allocation system and its strengths and weaknesses, and outlined a specific proposal for revising the allocation system.

6. The discussion paper included the following recommendations: (a) retaining the existing three core criteria of child population, U5MR and GNP per capita; (b) retaining the existing allocation formula; (c) modifying the weighting of the criteria to make the general resources allocation system more progressive relative to the countries with high U5MR and low GNP per capita; and (d) introducing a two-step approach that would allocate 96 per cent of general resources directly to the country level, retaining 4 per cent as a set-aside to make the allocation system more flexible to respond better to the heterogeneity and diversity among countries, encourage excellence in performance, respond to special opportunities and/or reduce imbalances between general resources and supplementary funding of Board-approved country programmes. The paper also proposed the gradual phase out general resources for programmes to countries that would reach a specified combination of thresholds regarding U5MR and GNP per capita.

7. The above changes resulted in an increase in the share of general resources allocated to low-income countries and the least developed countries (LDCs), satisfying the assertion in the Mission Statement that "in everything [UNICEF] does, the most disadvantaged children and the countries in greatest need will have priority". In addition, the modifications removed the distortions that had gradually become part of the allocation system.

8. Following a substantive discussion of this proposal at its third regular session of 1996, the Executive Board requested the Executive Director to submit a modified system, taking into consideration the guidance provided in decision 1996/34. In that decision, the Board reaffirmed the principles of eligibility of all recipient countries on the basis of the fundamental characteristics of the operational activities of the United Nations development system, and indicated that the modified system should: (a) continue to be based on the three existing core criteria; (b) give higher priority to low-income countries, in particular the LDCs; (c) be sufficiently flexible to accommodate evolving needs and special circumstances; (d) apply only to general resources; and (e) be transparent, simple and consistent.

9. Taking into consideration the Board's guidance, the reactions of members of the Board during the intersessional meetings held on 27 February and 24 March 1997 and the concerns expressed and suggestions made during informal consultations with Board members and with UNICEF regional and selected country offices since September 1996, the secretariat submits a modified system for consideration and approval by the Board.

I. THE MODIFIED ALLOCATION SYSTEM

10. The modified general resources allocation system seeks to respond to the UNICEF Mission Statement and the child-right approach to programming. The modified system affirms the role of UNICEF as a global advocate for the protection of child rights, while targeting its general resources to the most disadvantaged children and the countries in greatest need. In recognition of the centrality of the country programme, the modified system allocates 93 per cent of total general resources available for programmes directly to the country level for specific activities in support of the protection of child rights and the fulfilment of the basic needs of the most disadvantaged children.

11. The modified system retains the three core criteria of child population, GNP per capita and U5MR. To conform with the Convention on the Rights of the Child, the upper age threshold of the child population has been adjusted upward from 16 to 18 years.

12. Further refinements have been made to the weighting of the criteria so that countries with low GNP per capita and high U5MR receive higher priority, in line with decision 1996/34. Annex I summarizes the technical details of the refined weighting system of the three criteria.

13. While the three core criteria reflect well the relative situation of countries, it is recognized that they cannot reflect fully the great diversity among countries regarding the many challenges facing children. Therefore, a portion of the general resources available for programmes is set aside for flexibility, without rendering the allocation system less transparent, simple and consistent.

14. The modified system for the allocation of general resources available for programmes adopts a multi-step approach. The five steps are described below.

15. First, each country with a UNICEF office or country programme receives a minimum allocation for core programming. The present system, which uses four different levels of minimum allocation, is replaced by a standardized minimum allocation of $625,000 in order to make the system simple, transparent and consistent. This minimum amount is both affordable (given the level of general resources) and viable (in terms of ensuring effective programmatic activities). It is important to emphasize that the minimum allocation is for the purpose of programme implementation, and does not cover the support budget of the UNICEF country office.

16. The modified system ensures that the relative balance between the principle of universality and needs-based allocation will not be distorted by fluctuations in the total general resources available for programmes. If the general resources available for programmes decline, the modified system will automatically adjust the $625,000 minimum allocation downwards, proportionate to the decrease in the level of general resources. The minimum allocation will be maintained at a level of $625,000 if the general resources for programmes stay constant or increase. This means that the modified system will give greater priority to the low-income countries and LDCs in all situations, including when a reduction occurs in the available levels of general resources for programmes. Additional general resources will be allocated essentially on the basis of the three core criteria, which will favour low-income countries and LDCs, in line with decision 1996/34.

17. Second, in addition to the minimum allocation, each country with a UNICEF country office or country programme is allocated a share of the general resources for programmes on the basis of the three existing criteria, using the existing formula and the refined weighting system and based on the latest available data on child population, GNP per capita and U5MR. No new formula or new criteria are used (see annex I).

18. Third, combined lump-sum allocations will be continued for multi-country programmes covering small and less populous countries and some countries in transition, to ensure viable and effective programme interventions. The three multi-country programmes that cover nations in the Pacific region, the Caribbean and in Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States will be continued. A fixed allocation is also made for special programmes approved by the Executive Board.

19. Fourth, the distribution of some sources of general resources for programmes is determined by other criteria. These include the net income generated in developing countries from the sale of greeting cards and other products, the bulk of which is allocated to the country of origin to finance Board-approved unfunded suppelmentary funded programmes. The non-reimbursed year-end balance of the Emergency Programme Fund (EPF) is allocated to individual countries on a case-by-case basis as emergencies occur and supplementary funding materializes. These types of general resource allocations cannot be determined in advance.

20. Finally, 7 per cent of general resources for programmes is set aside for allowing the system to respond flexibly to the great diversity in country situations and evolving needs and special circumstances. These funds will be expended in accordance with the following objectives: (a) to encourage excellence in performance; (b) to respond to emerging opportunities to benefit children; (c) to cushion the impact of a shortfall in total estimated general resources on country allocations; (d) to reduce imbalances between general resources and supplementary funding for Board-approved country programmes; and (e) to avoid sudden and major changes in the absolute level of general resources allocated to individual countries in implementing the modified system.

21. While the modified system is essentially based on relative needs, this set-aside will provide an incentive for countries to achieve rapid and sustained social progress and improve the well-being of children. The existing criteria of U5MR and GNP per capita will be used in this regard.

22. The Executive Director will report on the use of the funds set aside for flexibility in her annual report to the Executive Board.

23. The revisions of the modified system vis-à-vis the proposal made in September 1996 include: (a) an increase in the share of general resources set aside for minimum allocations; (b) an increased share of general resources set aside for flexibility; and (c) a refined weighting of the criteria and an adjustable minimum allocation to give priority to low-income countries and LDCs.

24. Assuming that the current level of general resources available for programmes will remain unchanged, the modified system will result in the following distribution. The minimum allocations will absorb 23 per cent. Sixty-four per cent will be distributed according to the core criteria. Fixed allocations to multi-country and special programmes will account for 3 per cent. The general resources income generated through the sale of greeting cards and other products in developing countries is estimated at around 2.2 per cent, while EPF would account for about 0.8 per cent. Seven per cent of the general resources for programmes will be set aside for flexibility. This indicative distribution is depicted in annex II.

25. The enhanced responsiveness of the modified system to the UNICEF Mission Statement is reflected in the increased share of total general resources for programmes allocated to the low-income countries and LDCs. Assuming that the current level of general resources available for programmes will remain unchanged, the share for LDCs will increase from 43.6 per cent, according to the 1997 general resources planning levels, to 47.0 per cent under the modified system. The share for sub-Saharan Africa will go up from 35.6 per cent to 41.2 per cent. Countries with very high U5MR will see an increase in their share from 32.5 per cent to 38.2 per cent (see annex III). The share allocated to multi-country programmes will increase from 1.7 per cent to 2.1 per cent. However, it must be kept in mind that the above figures are only indicative because they will change with the fluctuations in the level of general resources and changes in the values of the three indicators.

26. Expressed in percentage of the 93 per cent of the general resources for programmes directly allocated to the country level, the shares for Africa, LDCs and low-income countries will even be higher (Africa, 44.3 per cent; LDCs, 50.7 per cent; low-income countries, 80.2 per cent). The share for countries with very high U5MR will also be higher, at 41.2 per cent (see annex IV).

27. While priority in the allocation of general resources for programmes is given to countries with low income levels and high levels of child mortality, UNICEF has maintained a presence in higher-income developing countries. This presence has enabled UNICEF to mobilize civil society around children's issues and, increasingly, to leverage both national and donor resources in favour of children and women. In other cases, the withdrawal of the country office in favour of a National Committee for UNICEF has occurred by mutual consent between the Government and UNICEF, as in the most recent case of the Republic of Korea.

28. The gradual phasing out of general resources for programmes to countries with a high level of GNP per capita and low U5MR, as well as the evolution of the UNICEF presence in these countries, will be reviewed whenever a new country

programme or mid-term review is presented to the Executive Board. The combined threshold for the gradual withdrawal of general resources for programmes comprises the level of GNP per capita above $2,895 (the cut-off used by the World Bank for upper-middle income countries) and U5MR of less than 30 per 1,000 live births.

29. Because the Convention on the Rights of the Child calls on it to use its expertise and moral authority to protect all rights for all children, UNICEF will continue to advocate for child rights; ensure high-quality policy analysis and advice; and monitor and evaluate progress for children, as well as facilitate learning from successful experiences in countries that have reached the above thresholds.

II. LINK WITH THE INTEGRATED BUDGET

30. The modified allocation system deals with the portion of general resources available for programmes. The allocation criteria do not apply to the support budget. As UNICEF moves towards an integrated budget, a close link is being established between the support budget and the programme budget. This is being done through the processes of the country programme recommendation (CPR) and the country programme management plan (CPMP). The use of general resources for programmes is planned in the CPR, which is submitted to the Board for approval, usually for a period of five years. The guidelines for preparing the CPMP emphasize the need to integrate the resources for programme support into the country programme planning process. The latter forms an integral part of the country programming process, and will be reviewed by the Advisory Committee on Administrative and Budgetary Questions prior to final review and approval by the Executive Board as part of the integrated biennial support budget. More details of this process are included in a report on integrated budgeting in UNICEF (E/ICEF/1997/AB/L.4), which was approved by the Executive Board at its first regular session of 1997.

III. IMPLEMENTATION PLAN

31. The application of the modified system will result in changes in the amount of general resources available to most countries. The full and immediate implementation of the modified system - which is consistent with the priorities established by the Executive Board, the Mission Statement and decision 1996/34 - could in some cases be disruptive to the ongoing country programme.

32. To avoid disruptions of ongoing programmes, the changes will be implemented gradually, starting in 1999. Changes resulting from the modified system will be implemented gradually so as to limit any increase or decrease in a country's general resources allocation to 10 per cent per year compared with the previous year's level. The overwhelming majority of LDCs will receive higher allocations, and no LDC will receive an allocation below its normal calculated level under the current system. Changes that are likely to result from increases or decreases in the overall level of general resources which divert from the projections contained in the medium-term plan (MTP) (E/ICEF/1996/AB/L.10) will, of course, continue to affect the level of general resources allocated to countries for programmes.

33. The secretariat will continue its efforts to mobilize higher levels of general resources from all sources.

Annex I

MODIFIED SYSTEM FOR ALLOCATING GENERAL RESOURCES FOR PROGRAMMES BASED ON CORE CRITERIA

1. This annex describes how the share of the general resources for programmes will be distributed among the 115 countries with a UNICEF office or country programme on the basis of the existing three core criteria (child population, U5MR and average GNP per capita). Each of these variables is translated into a weight whose value ranges between 0 and 1 as described below. Data for the three indicators are derived from the United Nations Population Division (child population); the World Bank (GNP per capita); and UNICEF statistics (U5MR), which are maintained in consultation with the United Nations Population Division.

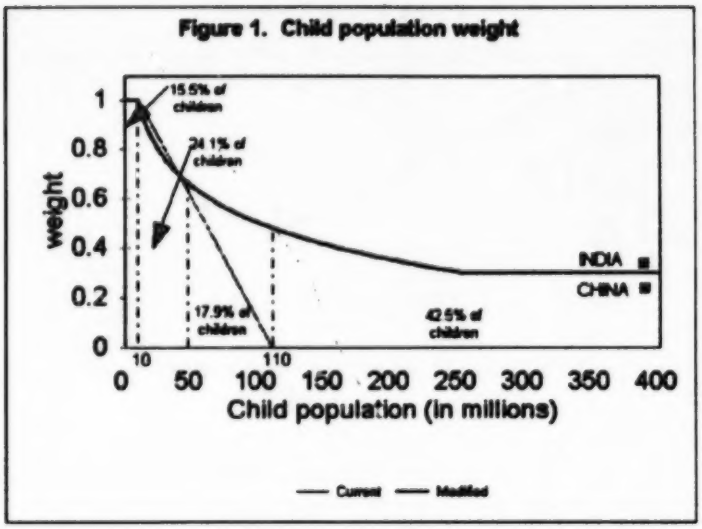
Population weight

2. The current allocation system classifies countries in three groups according to the size of their child populations. The first group comprises countries with 10 million children or less, which receive a population weight of 1. The second group, with a child population of more than 10 million, sees its population weight reduced by 0.01 points for every extra million children above the 10 million threshold. Since the population weight becomes negative for countries with more than 110 million children, the countries in the third group receive a fixed weight. This group has only two countries, China and India, which receive a population weight of 0.25 and 0.33, respectively.

3. This weighting leads to an inconsistency for countries with 50 million-110 million children because their population weight falls proportionally faster than their child population increases. This means that their weighted child population (i.e., child population multiplied by the population weight) declines. This is an anomaly since the purpose of the population weight is to slow the increase of the weighted child population, not to decrease it.

4. The modified system corrects this anomaly. Countries are classified in three groups. Countries with 10 million children or less continue to receive a weight of 1. Countries with a child population larger than 250 million receive a weight of 0.30. With a child population between 10 million and 250 million, countries receive a declining weight within the range of 1 and 0.30, according to a smooth curve based on a logarithmic function. The floor of 0.30 is set as close as possible to the current population weights of China (0.25) and India (0.33). Since the two countries have virtually the same child population size, no different population weights are warranted. Figure 1 illustrates the current and modified child population weights.

Current	Modified
$W_p=1-[(\text{child population}_i-10)\times 0.01]$	$W_p=(3-\text{logarithm of child population}_i)/2$
$W_p=1$ if child population$_i$<10 million	$W_p=1$ if child population$_i$<10 million
W_p for China = 0.25	$W_p=0.30$ if child population$_i$>250 million
W_p for India = 0.33	

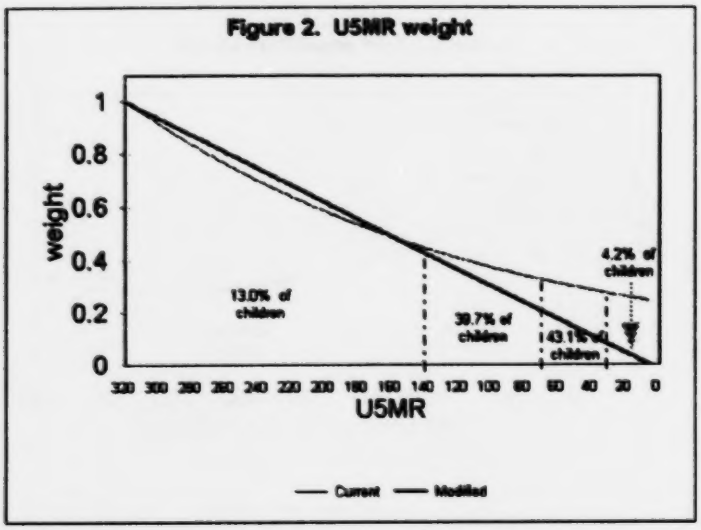


Mortality weight

5. The mortality weight is set at 1 for the country with the highest U5MR (320 per 1,000 live births in 1994). As U5MR decreases, the weight is reduced gradually according to a straight line. It is set at 0 for the country with the lowest U5MR (5 per 1,000 live births in 1994). This simpler weighting results in a greater sensitivity for the allocation system to countries where U5MR is below 140 per 1,000 live births (the majority of children live in countries with U5MR below this level). Figure 2 shows the current and modified U5MR weights.

Current	Modified
$W_n = 0.25^{[(320-U5MR_i)/(320-10)]}$	$W_n = (U5MR_i-5)/(320-5)$

Figure 2. U5MR weight



Income weight

6. The weight for GNP per capita currently exceeds the value of 1 for low-income countries. The new weighting removes this inconsistency. The refined weight starts at 1 for the poorest country (GNP per capita of $80) and declines more steeply than the U5MR weight because the majority of children live in countries with an average income level of less than $725 per capita (at 1994 prices) - the cut-off point used by the World Bank to define low-income countries (at 1994 prices). A logarithmic function is specified so that countries with GNP per capita of $2,895 - the World Bank's threshold for upper-middle-income countries (at 1994 prices) - receive a weight of 0.10. Figure 3 illustrates the current and modified GNP per capita weights.

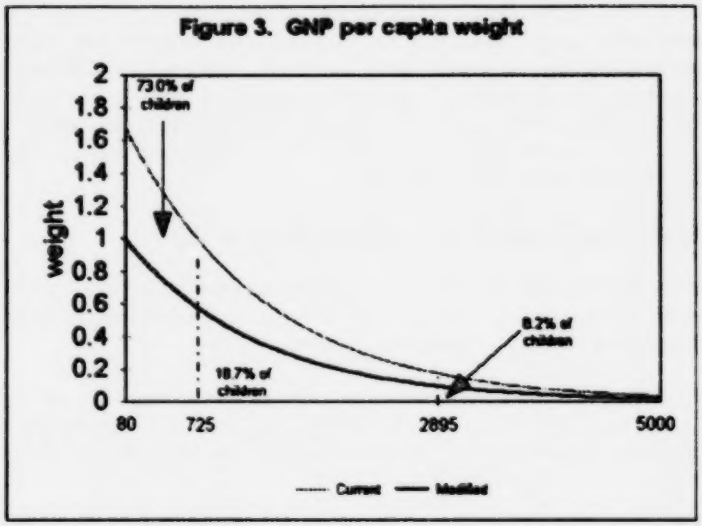
Current

$W_i = 0.25^{(GNP_i-750)/(2,500-750)}$

Modified

$W_i = 0.10^{(GNP_i-80)/(2,895-80)}$

Figure 3. GNP per capita weight



Allocation formula

7. For each country, the three weights are multiplied to obtain a single weight. The multiplication results in a more progressive distribution of general resources in favour of the low-income countries and LDCs than the averaging of the weights. The combined weight and the size of the child population determine the country's share of total general resources available for programmes that will be allocated on the basis of the three core criteria.

8. The formula for allocating general resources among countries remains unchanged. No new formula is used. The major changes consist of the step-wise procedure and the refinement of the weights in an attempt to bring the Allocation system more in line with the UNICEF mandate and Mission Statement.

9. The formula to determine the general resources allocation to a country is as follows:

$$\textit{Allocation to country } i = \frac{P_i \cdot W_{pi} \cdot W_{mi} \cdot W_{gi}}{\sum_i (P_i \cdot W_{pi} \cdot W_{mi} \cdot W_{gi})} \times MTP \times SHARE$$

P_i	=	child population in country i
W_p	=	child population weight
W_m	=	U5MR weight
W_g	=	GNP per capita weight
MTP	=	total estimated general resources for the year
SHARE	=	share of total general resources for programmes allocated on basis of core criteria
$\sum_i$	=	sum for all countries

10. The annual figure that results from these calculations is shared with the country offices as the indicative "general resources planning level". When country programmes are submitted to the Executive Board for approval, these general resources planning figures are used as indicative levels of general resources funding for programmes. However, during the lifetime of the country programme, the Board-approved general resources budget is adjusted to take into account the latest computed general resources planning level using actual available general resources for the year.

Differences between the current and modified systems

11. The changes introduced in the modified system for allocating general resources for programmes based on the core criteria concern the refinements in the weighting of the criteria. They include:

(a) The population weight removes the bias against the countries with between 50 million and 110 million children. It sets a single minimum weight for the most populous countries. Special weights for China and India are no longer required;

(b) The U5MR weight is simplified, yet it is more sensitive to changes at the lower end of the scale;

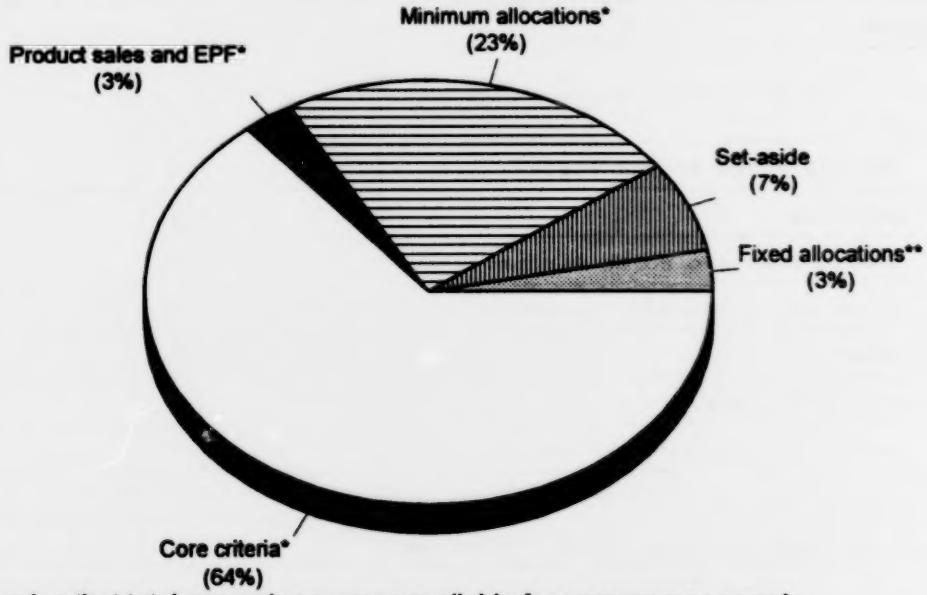
(c) GNP per capita weights of more than 1 have been removed without affecting the progressive impact vis-à-vis low-income countries;

(d) The refined weighting system gives greater importance to child mortality. The weight attached to per capita income is made less dominant;

(e) The distribution of general resources is linked to the level of available general resources. General resources in addition to the current level will be allocated according to the three core criteria, which will favour low-income countries and the LDCs.

Annex II

Allocation of general resources available for programmes



* Assuming that total general resources available for programmes remain unchanged at the current level of $314 million.

** Fixed allocations for multi-country and special programmes.

Annex III

ALLOCATION OF TOTAL GENERAL RESOURCES AVAILABLE FOR PROGRAMMES BY REGION AND COUNTRY GROUPINGS*

	General resources 1997 planning level (Percentage)	Modified system (Percentage)
By region a/		
Africa	35.6	41.2
Asia	38.3	31.9
CEE/CIS** and Baltic States	5.4	4.7
Americas	9.0	8.3
Middle East and North Africa	7.1	6.8
Funds set aside for flexibility	4.6	7.0
Total	100.0	100.0
By country groupings b/		
Least developed countries c/	43.6	47.0
Low-income countries d/	74.4	74.4
Countries with very high U5MR e/	32.5	38.2

* The shares are indicative because they assume that the values of the core criteria and the general resources available for programmes will remain at their current levels. Changes in the general resources level and/or values of the three core criteria will change the distribution by country, region and country groupings.

** Central and Eastern Europe and the Commonwealth of Independent States.

a/ Allocations by region include the estimated value of net income derived from Greeting Card and related Operations (GCO) sales in developing countries, as well as their share of EPF.

b/ Allocations by country grouping do not include net GCO income and EPF resources because they cannot be directly identified to specific countries until the net GCO income is realized or non-reimbursed EPF balances are outstanding at the end of the year. (Because of overlap of groups, total does not add up to 100 per cent.)

c/ 48 countries as identified by the United Nations.

d/ 65 countries with a GNP per capita of $725 or less (based on 1994 data).

e/ 31 countries with U5MR of more than 140 per 1,000 live births (based on 1994 data).

Annex IV

ALLOCATION OF THE SHARE OF GENERAL RESOURCES FOR PROGRAMMES THAT IS DIRECTLY AVAILABLE FOR THE COUNTRY LEVELS, BY REGION AND COUNTRY GROUPINGS*

	General resources 1997 planning level (Percentage)	Modified system (Percentage)
Share allocated directly to country level	**95.4**	**93.0**
Of which (by region) a/		
Africa	37.3	44.3
Asia	40.1	34.4
CEE/CIS** and Baltic States	5.7	5.1
Americas	9.5	8.9
Middle East and North Africa	7.4	7.3
Total	100.0	100.0
Of which (by country group) b/		
Least developed countries c/	45.8	50.7
Low-income countries d/	78.1	80.2
Countries with very high U5MR e/	34.1	41.2
Funds set aside for flexibility	**4.6**	**7.0**
Total	**100.0**	**100.0**

* The shares are indicative because they assume that the values of the core criteria and the general resources available for programmes will remain at their current levels. Changes in the general resources level and/or values of the three core criteria will change the distribution by country, region and country groupings.

** Central and Eastern Europe and the Commonwealth of Independent States.

a/ Allocations by region include the estimated value of net income derived from Greeting Card and related Operations (GCO) sales in developing countries, as well as their share of EPF.

b/ Allocations by country grouping do not include net GCO income and EPF resources because they cannot be directly identified to specific countries until the net GCO income is realized or non-reimbursed EPF balances are outstanding at the end of the year. (Because of overlap of groups, total does not add up to 100 per cent.)

c/ 48 countries as identified by the United Nations.

d/ 65 countries with a GNP per capita of $725 or less (based on 1994 data).

e/ 31 countries with U5MR of more than 140 per 1,000 live births (based on 1994 data).